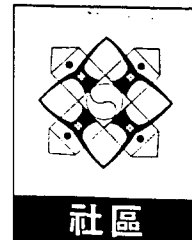


Chinatown Community Development Center



華埠社區協進中心

April 5, 1999

Office of the Fiscal Assistant Secretary
U.S. Department of Treasury, Room 2112
1500 Pennsylvania Ave, N.W.
Washington D.C. 20220

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Re: EFT 1999

Dear Sir/Madam:

On behalf of the Chinatown Community Development Center, I am writing to urge the Treasury to prohibit check cashers and other "payment service providers" from providing recipients access to electronic federal benefits, as part of EFT 1999. Check cashers prey upon low-income consumers and deny their customers the consumer protections provided at mainstream financial institutions.

Since 1977, Chinatown CDC has been working with residents of San Francisco's Chinatown and Tenderloin neighborhoods to improve living conditions. We are a comprehensive community development organization with roles as neighborhood advocates, organizers and planners, and developers and managers of affordable housing. As such, we believe in protecting the rights of our constituents to be treated fairly as consumers.

Treasury began EFT '99 with the stated goal of bringing the unbanked into the financial mainstream. Allowing check cashers to be the access point for federal benefits recipients to receive their funds, however, does exactly the opposite. Check cashers force consumers to pay excessive fees for transactions that should be available to them at reasonable costs. As an example, California check cashers charge an annual percentage rate of almost 400% for a payday loan! With interest rates this high, recipients are prevented from having access to their benefits at a reasonable rate.

Check cashers also provide few consumer protections that would be received if consumers banked at a federally insured institution. If federal benefits recipients have an account with such fringe bankers, check cashers may withhold federal funds as payment for past sums owed to the check casher.

In allowing check cashers to provide access to federal funds, Treasury will not only condone but stimulate the abusive practices of check cashers. The number of check cashers has doubled since 1990, and is steadily growing - especially in low-income, inner city neighborhoods. This profitable industry makes no reinvestment back into the communities from which they gain their customers.

We believe that it is time for Treasury to make EFT '99 a program that truly protects consumers and ensures that low-income people are not relegated to a position outside of the financial mainstream. Please prohibit arrangements wherein recipients of electronic federal payments gain access to benefits through non-depository payment service providers.

Sincerely,

Gordon Chin
Executive Director

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formerly Chinatown Resource Center and Chinese Community Housing Corporation

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